



*United States Attorney  
District of New Jersey*

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970 Broad Street, Suite 700  
Newark, NJ 07102

973/645-2700

Callaway/PL AGR

August 16, 2006

Jeremy D. Frey  
Popper Hamilton LLP 3000  
Two Logan Square,  
Eighteenth and Arch Streets  
Philadelphia, Pennsylvania 19103-2799

Re: Plea Agreement with Craig Callaway  
Criminal No. 06-00689-01 (JHR)

Dear Mr. Frey:

This letter sets forth the plea agreement between your client, Craig Callaway, and the United States Attorney for the District of New Jersey ("this Office").

Charge

Conditioned on the understandings specified below, this Office will accept a guilty plea from Craig Callaway to an information which charges one count of attempted extortion under color of official right in violation of 18 U.S.C. § 1951(a). If Craig Callaway enters a guilty plea and is sentenced on this charge, and otherwise fully complies with all of the terms of this agreement, this Office will not initiate any further criminal charges against Craig Callaway for accepting corrupt payments from in or about December 2003, to in or about January 2005, from the individuals identified in the Information as "Contractor 1" and UC-1. In the event that the judgment of conviction entered as a result of this guilty plea does not remain in full force and effect, any dismissed charges that are not time-barred by the applicable statute of limitations on the date this agreement is signed by Craig Callaway may be commenced against him, notwithstanding the expiration of the limitations period after Craig Callaway signs the agreement and Craig Callaway agrees to waive any statute of limitations with respect to any such crimes that would otherwise expire after Craig Callaway signs the agreement.

Sentencing

The violation of 18 U.S.C. § 1951(a) to which Craig Callaway agrees to plead guilty carries a statutory maximum prison sentence of twenty years and a statutory maximum fine equal to the greatest of: (1) \$250,000; (2) twice the gross amount of any pecuniary gain that any persons derived from the offense; or (3) twice the gross amount of any pecuniary loss sustained by any victims of the offense. Fines imposed by the sentencing judge may be subject to the payment of interest.

The sentence to be imposed upon Craig Callaway is within the sole discretion of the sentencing judge, subject to the provisions of the Sentencing Reform Act, 18 U.S.C. § 3551-3742, and the sentencing judge's consideration of the United States Sentencing Guidelines. The United States Sentencing Guidelines are advisory, not mandatory. The sentencing judge may impose any reasonable sentence up to and including the statutory maximum term of imprisonment and the maximum statutory fine. This Office cannot and does not make any representation or promise as to what guideline range may be found by the sentencing judge, or as to what sentence Craig Callaway ultimately will receive.

Further, in addition to imposing any other penalty on Craig Callaway, the sentencing judge: (1) will order Craig Callaway to pay an assessment of \$100 pursuant to 18 U.S.C. § 3013, which assessment must be paid by the date of sentencing; (2) may order Craig Callaway to pay restitution pursuant to 18 U.S.C. §§ 3563(b); (3) may order Craig Callaway, pursuant to 18 U.S.C. § 3555, to give notice to any victims of his offense; and (4) pursuant to 18 U.S.C. § 3583, may require Craig Callaway to serve a term of supervised release of not more than three years, which will begin at the expiration of any term of imprisonment imposed. Should Craig Callaway be placed on a term of supervised release and subsequently violate any of the conditions of supervised release before the expiration of its term, Craig Callaway may be sentenced to not more than two years' imprisonment in addition to any prison term previously imposed, regardless of the statutory maximum term of imprisonment set forth above and without credit for time previously served on post-release supervision, and may be sentenced to an additional term of supervised release.

Rights of this Office Regarding Sentencing

Except as otherwise provided in this agreement, this Office reserves its right to take any position with respect to

the appropriate sentence to be imposed on Craig Callaway by the sentencing judge, to correct any misstatements relating to the sentencing proceedings, and to provide the sentencing judge and the United States Probation Office all law and information relevant to sentencing, favorable or otherwise. In addition, this Office may inform the sentencing judge and the United States Probation Office of: (1) this agreement; and (2) the full nature and extent of Craig Callaway's activities and relevant conduct with respect to this case.

Stipulations

This Office and Craig Callaway agree and stipulate at sentencing to the statements set forth in the attached Schedule A, which hereby is made a part of this plea agreement. This agreement to stipulate, however, cannot and does not bind the sentencing judge, who may make independent factual findings and may reject any or all of the stipulations entered into by the parties. To the extent that the parties do not stipulate to a particular fact or legal conclusion, each reserves the right to argue the existence of and the effect of any such fact or conclusion upon the sentence. Moreover, this agreement to stipulate on the part of this Office is based on the information and evidence that this Office possesses as of the date of this agreement. Thus, if this Office obtains or receives additional evidence or information prior to sentencing that it determines to be credible and to be materially in conflict with any stipulation in the attached Schedule A, this Office shall not be bound by any such stipulation. A determination that any stipulation is not binding shall not release either this Office or Craig Callaway from any other portion of this agreement, including any other stipulation. If the sentencing court rejects a stipulation, both parties reserve the right to argue on appeal or at post-sentencing proceedings that the sentencing court was within its discretion and authority to do so. These stipulations do not restrict this Office's right to respond to questions from the Court and to correct misinformation that has been provided to the Court.

Waiver of Appeal and Post-Sentencing Rights

As set forth in Schedule A, this Office and Craig Callaway waive certain rights to file an appeal, collateral attack, writ or motion after sentencing, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2255.

Other Provisions

This agreement is limited to the United States Attorney's Office for the District of New Jersey and cannot bind other federal, state, or local authorities. However, this Office will bring this agreement to the attention of other prosecuting offices, if requested to do so.

No Other Promises

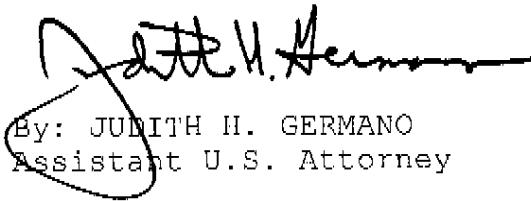
This agreement constitutes the plea agreement between Craig Callaway and this Office and supersedes any previous agreements between them. No additional promises, agreements, or conditions have been made or will be made unless set forth in writing and signed by the parties.

Very truly yours,

CHRISTOPHER J. CHRISTIE  
United States Attorney



By: THOMAS J. EICHER  
Assistant U.S. Attorney  
Deputy Chief, Special  
Prosecutions Division



By: JUDITH H. GERMANO  
Assistant U.S. Attorney

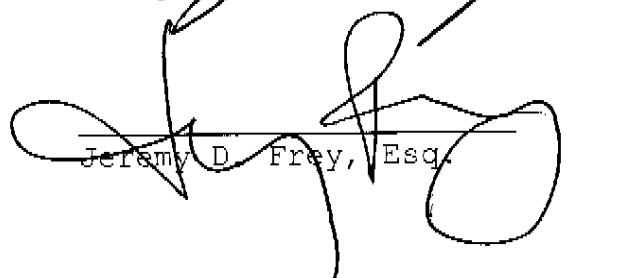
APPROVED:



James B. Nobile  
Chief, Special Prosecutions Division

I have received this letter from my attorney, Jeremy D. Frey, Esq., I have read it, and I understand it fully. I hereby accept the terms and conditions set forth in this letter and acknowledge that it constitutes the plea agreement between the parties. I understand that no additional promises, agreements, or conditions have been made or will be made unless set forth in writing and signed by the parties.

AGREED AND ACCEPTED:

  
Craig Callaway  
  
Jeremy D. Frey, Esq.

Date: 8-30-06

Date: 8-30-06

Plea Agreement With Craig Callaway

Schedule A

1. This Office and Craig Callaway recognize that the United States Sentencing Guidelines are not binding upon the Court. This Office and Craig Callaway nevertheless agree to the stipulations set forth herein.

2. The version of the United States Sentencing Guidelines effective November 1, 2003 applies in this case. The applicable guideline is § 2C1.1.

3. The parties agree: the base offense level is 10 under § 2C1.1(a); the base offense level should be increased by 2 levels under § 2C1.1(b)(1) because the offense involved more than one bribe or extortion payment; the base offense level should be increased by 8 levels under § 2C1.1(b)(2)(B) because the offense involved a payment for the purpose of influencing an elected official.

4. A 2 level increase is appropriate under § 3C1.1 because the defendant willfully obstructed and impeded the administration of justice during the course of the investigation and the obstructive conduct related to the defendant's offense of conviction and any relevant conduct.

5. As of the date of this letter, Craig Callaway has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for the offense charged. Therefore, a downward adjustment of 2 levels for acceptance of responsibility is appropriate if Craig Callaway's acceptance of responsibility continues through the date of sentencing. See U.S.S.G. § 3E1.1(a).

6. As of the date of this letter, Craig Callaway has timely notified authorities of an intention to enter a plea of guilty, thereby permitting the United States to avoid preparing for trial and permitting the court to allocate its resources efficiently. If the offense level is 16 or greater, Craig Callaway is entitled to an additional decrease of 1 level pursuant to U.S.S.G. § 3E1.1(b), unless defendant Craig Callaway indicates an intention not to enter a plea of guilty, thereby forcing the government to prepare for trial.

Total Offense Level

7. In accordance with the above, the applicable guidelines total offense level is 19. The parties agree not to seek or argue for any upward or downward departure or any upward or downward adjustment not set forth herein. The parties further agree that a sentence within the Guidelines range that results from the agreed total Guidelines offense level of 19 is reasonable. If the defendant has a Criminal History Category of I, this corresponds to a sentencing range of 30 to 37 months imprisonment.

8. Craig Callaway knows that he has and, except as noted below in this paragraph, voluntarily waives, the right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2255, which challenges the sentence imposed by the sentencing court if that sentence falls within or below the Guidelines range that results from the total Guidelines offense level of 19. This Office will not file any appeal, motion, collateral attack, or writ which challenges the sentence imposed by the sentencing court if that sentence falls within or above the Guidelines range that results from the total Guidelines offense level of 19. The parties reserve any right they may have under 18 U.S.C. § 3742 to appeal the sentencing court's determination of the criminal history category. The provisions of this paragraph are binding on the parties even if the Court employs a Guidelines analysis different from that stipulated to herein. Furthermore, if the sentencing court accepts a stipulation, both parties waive the right to file an appeal, collateral attack, writ, or motion claiming that the sentencing court erred in doing so.

9. Both parties reserve the right to oppose or move to dismiss any appeal, collateral attack, writ, or motion barred by the preceding paragraph and to file or to oppose any appeal, collateral attack, writ or motion not barred by the preceding paragraph.